

Motion Sheet

Joint Appropriations Subcommittee for Capital Facilities & Administrative Services

FY 2007 BUDGET MOTION: I move to adopt the budget recommendations of the Joint Appropriations Subcommittee for Capital Facilities & Administrative Services equaling \$1,583,400 plus \$106,684,400 in dedicated credits, \$24,877,400 in Capital Outlay, and 702 FTE for the Technology Services internal service fund as shown on page 2-2 for inclusion in the 'New Fiscal Year Supplemental Appropriations Act' (S.B. 4).

FY 2007 INTENT MOTION: I move to adopt the intent language recommendations of the Joint Appropriations Subcommittee for Capital Facilities & Administrative Services as shown on page 2-6 for inclusion in the 'New Fiscal Year Supplemental Appropriations Act' (S.B. 4).

FEES MOTION: I move to adopt the fees recommendations of the Joint Appropriations Subcommittee for Capital Facilities & Administrative Services as shown on page 2-7 through 2-26 for inclusion in the 'New Fiscal Year Supplemental Appropriations Act' (S.B. 4).

FY 2006 BUDGET MOTION: I move to adopt the budget recommendations of the Joint Appropriations Subcommittee for Capital Facilities & Administrative Services equaling \$4,000,000 as shown on page 2-27 for inclusion in the 'Current Fiscal Year Supplemental Appropriations Act' (H.B. 1).*

FY 2006 INTENT MOTION: I move to adopt the intent language recommendations of the Joint Appropriations Subcommittee for Capital Facilities & Administrative Services as shown on page 2-34 for inclusion in the 'Current Fiscal Year Supplemental Appropriations Act' (H.B. 1).

*Summary of Revisions:

All revisions were made in the FY 2006 budget. Former one-time reallocations of \$6,151,800 from Debt Service to other line items were revised down to \$3,971,500. Two capital development items formerly being funded through subcommittee reallocations (St. George Courthouse Design and CEU Energy Center) were moved to the subcommittee's one-time priority list. Three items totaling \$331,500 for the Capitol Preservation Board were moved from the one-time priority list to the reallocations list. Please see attached sheets for more information.

FY 2006 REVISED Supplemental Recommendations
Joint Appropriations Subcommittee for Capital Facilities & Administrative Services

Sources of Funding	Subcomm Revised		
	Appropriated	(H.B. 1)	Revised
General Fund	127,619,900		127,619,900
General Fund, One-time	608,700		608,700
Uniform School Fund	17,164,300		17,164,300
Uniform School Fund, One-time	24,000,000		24,000,000
Income Tax	40,258,800		40,258,800
Income Tax, One-time	6,534,200		6,534,200
Transportation Fund	450,000		450,000
Transportation Fund, One-time	1,457,000		1,457,000
Centennial Highway Fund	126,393,400		126,393,400
Federal Funds	1,438,300		1,438,300
Dedicated Credits Revenue	36,662,100	30,000	36,692,100
GFR - E-911 Emergency Services	250,000		250,000
GFR - Economic Incentive Restricted Account	981,900		981,900
GFR - ISF Overhead	1,272,400		1,272,400
TFR - Public Transp. System Tax	7,204,400		7,204,400
Transfers	141,400		141,400
Risk Management ISF	65,900	2,500,000	2,565,900
Capital Project Fund	1,638,100		1,638,100
Project Reserve Fund	200,000		200,000
Contingency Reserve Fund	2,099,200	1,500,000	3,599,200
Beginning Nonlapsing	12,471,100		12,471,100
Closing Nonlapsing	(8,044,200)		(8,044,200)
Lapsing Balance		(30,000)	(30,000)
Total	\$400,866,900	\$4,000,000	\$404,866,900

Agencies	Subcomm Revised		
	Appropriated	(H.B. 1)	Revised
Capitol Preservation Board	2,788,700	331,500	3,120,200
Administrative Services	23,170,000		23,170,000
Career Service Review Board	189,800		189,800
Technology Services	2,543,400		2,543,400
Capital Budget	101,455,600	4,840,000	106,295,600
Debt Service	246,619,400	(3,971,500)	242,647,900
Restricted Revenue - CFAS	24,100,000	2,800,000	26,900,000
Total	\$400,866,900	\$4,000,000	\$404,866,900

Categories of Expenditure	Subcomm Revised		
	Appropriated	(H.B. 1)	Revised
Personal Services	15,540,700		15,540,700
In-State Travel	110,500		110,500
Out of State Travel	85,200		85,200
Current Expense	252,350,200	(3,640,000)	248,710,200
DP Current Expense	5,222,500		5,222,500
DP Capital Outlay	341,000		341,000
Capital Outlay	83,700		83,700
Other Charges/Pass Thru	127,133,100	7,640,000	134,773,100
Total	\$400,866,900	\$4,000,000	\$404,866,900

Other Information	Subcomm Revised		
	Appropriated	(H.B. 1)	Revised
Budgeted FTE	209.4		209.4
Vehicles	10		10

FY 2006-07 REVISED One-time General/Education Fund Building Block Priorities
Joint Appropriations Subcommittee for Capital Facilities & Administrative Services

Priority	Agency	Item Description	FY 2006	FY 2007	Running Sum
1	Technology Services	High Definition Aerial Imagery		500,000	500,000
2	Technology Services	Local Government Mapping		400,000	900,000
3	Capital Budget	St. George Courthouse Design		1,490,000	2,390,000
4	Capital Budget	CEU Energy Center Purchase	1,100,000		3,490,000
5	Capital Budget	SUU Smith Bldg County Buyout	587,000		4,077,000
6	Administrative Services	LeRay McAllister Critical Lands Fund		5,000,000	9,077,000
Total			<u>\$1,687,000</u>	<u>\$7,390,000</u>	<u>\$9,077,000</u>

**FY 2006-07 REVISED General/Education Fund Reallocations
Joint Appropriations Subcommittee for Capital Facilities & Administrative Services**

Agency	Line Item	Program	Item Description	FY 2006	FY 2007	1x
Capital Budget	Capital Development	CPB State Capitol Building	Capitol Bldg Wireless Technology	590,000		X
Capital Budget	Capital Development	Parks Campground	Parks Campground Renov	1,500,000		X
Capital Budget	Capital Development	Unified Health Lab	Unified Health Lab Programming	250,000		X
Capitol Preservation Board	Capitol Preservation Board	Administration	Move Admin Costs from Project	173,500		X
Capitol Preservation Board	Capitol Preservation Board	Administration	New Copier	13,000		X
Capitol Preservation Board	Capitol Preservation Board	Administration	Opening Exhibit and Publications	145,000		X
Restricted Revenue - CFAS	Capitol Preservation Board	Project Reserve Fund	Project Reserve Fund	1,300,000		X
Debt Service	Project Reserve Fund	Debt Service	Debt Service Savings	(3,971,500)		X
Total				<u>\$0</u>	<u>\$0</u>	

Motion Sheet

Joint Appropriations Subcommittee for Commerce & Revenue

FY 2007 BUDGET MOTION: I move to adopt the budget recommendations of the Joint Appropriations Subcommittee for Commerce & Revenue as shown on page 3-2 through 3-11 for inclusion in the 'New Fiscal Year Supplemental Appropriations Act' (S.B. 4) with the following change:

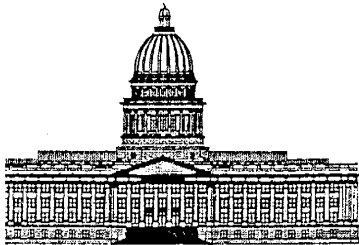
Add \$65,000 from the Liquor Control Fund to the Department of Alcoholic Beverage Control for Automated Warehouse Warranty and Maintenance.*

FY 2007 INTENT MOTION: I move to adopt the intent language recommendations of the Joint Appropriations Subcommittee for Commerce & Revenue as shown on page 3-12 for inclusion in the 'New Fiscal Year Supplemental Appropriations Act' (S.B. 4).

FEES MOTION: I move to adopt the fees recommendations of the Joint Appropriations Subcommittee for Commerce & Revenue as shown on pages 3-13 through 3-41 for inclusion in the 'New Fiscal Year Supplemental Appropriations Act' (S.B. 4).

FY 2006 INTENT MOTION: I move to adopt the intent language recommendations of the Joint Appropriations Subcommittee for Commerce & Revenue as shown on page 3-44 for inclusion in the 'Current Fiscal Year Supplemental Appropriations Act' (H.B. 1).

** Explanation: The Commerce and Revenue Appropriations Subcommittee approved one item that was inadvertently left out of the subcommittee report.*



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TO: Members of the Executive Appropriations Committee

FROM: Senator Sheldon Killpack *SK* and Representative Merlynn Newbold, *MN*
Co-Chairs of the Health and Human Services Appropriations Subcommittee

Date: February 13, 2006

Subject: Utah's Tobacco Settlement Payment for FY 2006 and FY 2007

The Health and Human Services Appropriations Subcommittee has reviewed the revenue estimates for the Tobacco Master Settlement Agreement Funds that are paid to the State each April 15th. The estimates for FY 2006 and FY 2007 are \$29,541,000 and \$30,390,400 respectively. Due to pending litigation, the estimates for FY 2006 and beyond may be uncertain.

Tobacco revenue is used to fund programs in the Utah Department of Health, the Department of Human Services, the Courts, the Attorney General's Office and the University of Utah Science Center.

FY 2006 marks the seventh year of the State receiving funds from the Master Settlement Agreement with tobacco manufacturers. In those seven years, the state will have received over \$200 million distributed through the Permanent Trust Fund and the Tobacco Settlement Account.

A reduction or loss of the tobacco revenue could adversely impact a variety of programs. The Attorney General's Office is monitoring the situation and has prepared the summary of the current status listed on the reverse side of this letter. The Health and Human Services Appropriation Subcommittee wants the Executive Appropriation Committee to be aware of the situation since the annual payment comes in April, at the end of the fiscal year. Depending on the amount of the payment received April 15th, 2006, legislative action may be required before the next Legislative Session.

Utah's Tobacco Money
Statement from the
Utah Attorney General's Office

Landmark litigation against tobacco companies, stemming from decades of allegedly deceitful advertising and illegal marketing of tobacco products aimed at children was brought by a number of states in the mid-1990's, including Utah. The litigation was settled in 1998 when the four largest and several smaller tobacco companies agreed to change their marketing practices and pay \$206 billion over 25 years to 46 states, the District of Columbia and five U.S. territories (the "Settling States"). This settlement is known as the Master Settlement Agreement (MSA). Utah's share of the settlement is \$836 million. Tobacco product manufacturers (TPM) that signed the MSA pay the Settling States on an annual basis.

In recognition of the obligations assumed by the TPM under the terms of the MSA, and the possibility that the obligations could result in a loss of the TPM market share of tobacco products sold in the United States, the MSA includes a provision for a potential adjustment to the TPM annual payment to the states. Whether or not that adjustment is applied is subject to a three step analysis, which is set out in detail in the MSA.

First, the TPM are required to give notice that they intend to seek an NPM Adjustment in their annual payment due to a market share loss during a specific year. An independent auditor then takes the information submitted by the TPM and makes a determination if, in fact, the TPM have suffered a market share loss in the sale of tobacco products in the United States. For 2003, the potential national NPM adjustment due to the TPM market share loss is approximately \$1.4 billion.

The next step is for an independent auditor to determine if the MSA was a "significant factor" causing that market share loss to the TPM. The independent auditor is currently in the process of reviewing evidence from both the TPM and the Settling States in order to make the "significant factor" determination. It is anticipated that the independent auditor's findings and conclusion will be issued in March of 2006.

If the independent auditor concludes that the MSA was a significant factor in the market share loss suffered by the TPM, the NPM adjustment may be applied to the Settling States; however, its application is not automatic. The MSA states that the NPM adjustment will not be applied to an individual state's payment if that state "diligently enforced" its NPM laws. If a state diligently enforced those laws, the NPM adjustment is reallocated to the Settling States that did not "diligently enforce" its NPM legislation.

The conclusion is that if the independent auditor determines the MSA was a "significant factor" in the market share loss experienced by the TPM in 2003, there will be legal action to determine whether the NPM adjustment applies to Utah, and the extent to which it applies. At this point in the process, it is not possible to determine whether Utah will be receiving the entire TPM payment that is anticipated on April 15, 2006 (approximately \$28 million), or just a portion thereof. If the tobacco companies fail to make the scheduled payment, the state will take appropriate legal action to enforce its rights under the MSA.

Motion Sheet

Joint Appropriations Subcommittee for Natural Resources

FY 2007 BUDGET MOTION: I move to adopt the budget recommendations of the Joint Appropriations Subcommittee for Natural Resources as shown on page 8-2 for inclusion in the 'New Fiscal Year Supplemental Appropriations Act' (S.B. 4) with the following change:

Add \$85,000 from the Land Grant Management Fund to the School and Institutional Trust Lands Administration to extend an existing contract with the Attorney General's office to investigate misuses of trust lands.*

FY 2007 INTENT MOTION: I move to adopt the intent language recommendations of the Joint Appropriations Subcommittee for Natural Resources as shown on page 8-47 for inclusion in the 'New Fiscal Year Supplemental Appropriations Act' (S.B. 4).

FEES MOTION: I move to adopt the fees recommendations of the Joint Appropriations Subcommittee for Natural Resources as shown on page 8-10 for inclusion in the 'New Fiscal Year Supplemental Appropriations Act' (S.B. 4).

FY 2006 BUDGET MOTION: I move to adopt the budget recommendations of the Joint Appropriations Subcommittee for Natural Resources equaling \$3,568,300 as shown on page 8-40 for inclusion in the 'Current Fiscal Year Supplemental Appropriations Act' (H.B. 1).

FY 2006 INTENT MOTION: I move to adopt the intent language recommendations of the Joint Appropriations Subcommittee for Natural Resources as shown on page 8-9 for inclusion in the 'Current Fiscal Year Supplemental Appropriations Act' (H.B. 1).

* Explanation: *This request was originally not funded because the Subcommittee Co-Chairs were under the impression that it will expand government by creating a new position. SITLA has clarified that the request is for extending existing contract for another year.*

Motion Sheet

Joint Appropriations Subcommittee for Public Education

FY 2007 BUDGET MOTION: I move to adopt the budget recommendations of the Joint Appropriations Subcommittee for Public Education equaling \$689,900 as shown on page 9-2 for inclusion in the 'New Fiscal Year Supplemental Appropriations Act' (S.B. 4) and 'Amendments to the Minimum School Program Budget' (S.B. 5) with the following change:

Add \$5,080,000 from the Uniform School Fund Restricted - Interest and Dividends Account to the State Board of Education - Minimum School Program to support the School Trust Lands Program.¹

FY 2007 INTENT MOTION: I move to adopt the intent language recommendations of the Joint Appropriations Subcommittee for Public Education entitled 'Special Education - Carson Smith Special Needs Scholarship Restoration' (FY 2007) and 'Mathematics Curriculum Standards' as shown on page 9-12 for inclusion in 'Amendments to the Minimum School Program Budget' (S.B. 5).²

FEES MOTION: I move to adopt the fees recommendations of the Joint Appropriations Subcommittee for Public Education as shown on pages 9-13 and 9-14 for inclusion in the 'New Fiscal Year Supplemental Appropriations Act' (S.B. 4).

FY 2006 BUDGET MOTION: I move to adopt the budget recommendations of the Joint Appropriations Subcommittee for Public Education equaling \$745,600 as shown on page 9-15 for inclusion in the 'Current Fiscal Year Supplemental Appropriations Act' (H.B. 1) and 'Amendments to the Minimum School Program Budget' (S.B. 5) with the following change:

Add \$4,080,000 from the Uniform School Fund Restricted - Interest and Dividends Account to the State Board of Education - Minimum School Program to support the School Trust Lands Program.¹

FY 2006 INTENT MOTION: I move to adopt the intent language recommendations of the Joint Appropriations Subcommittee for Public Education as shown on page 9-18 for inclusion in the 'Current Fiscal Year Supplemental Appropriations Act' (H.B. 1) and 'Amendments to the Minimum School Program Budget' (S.B. 5).

1. Explanation: These appropriations reflect revenue increases that go to the School Trust Lands Program by statute.

2. Explanation: The remaining intent language and statutory language on pages 9-5 to 9-12 relate directly to budget priority items listed on pages 9-19 and 9-20 and will be considered at a later date.